

MCF 3M Opener

Determine both the present value and the interest earned on an investment that will be worth \$10000 in 5 years if the interest rate is 6%/a compounded quarterly.

Dec 19-7:35 AM

MCF 3M Opener

Determine both the present value and the interest earned on an investment that will be worth \$10000 in 5 years if the interest rate is 6%/a compounded quarterly.

$$A = P(1+i)^n \quad A = 10\,000$$

$$P = ?$$

$$\frac{A}{(1+i)^n} = P \quad i = 0.06/4 = 0.015$$

$$n = 5 \times 4 = 20$$

$$\frac{10\,000}{(1+0.015)^{20}} = P$$

$$\frac{10\,000}{(1.015)^{20}} = P$$

$$\frac{10\,000}{1.3469} = P$$

$$7424.46 = P$$

If you want an investment worth \$10000 you must invest 7424.46 today.

$$\text{Interest} = 10\,000 - 7424.46 = 2575.54 \text{ (Interest)}$$

Dec 19-7:35 AM

Option #1 - Stocks & Mutual Funds

Dollar Cost Averaging

- playing the stock markets' ups and downs
- regular investments \$60/wk

$$60\,000 - 24\,000 - \text{Income tax} = 36\,000 - \text{Net Income}$$

Middle Class Taxed at 40% RRSPs (up to 18% of Net Income)

RRSPs - How they work

$$60\,000 - 9\,000 = 51\,000$$

$$9\,000 \times 0.40 = 3\,600 \text{ Tax Refund}$$

Option #2 Tax Free Savings Account

TFSAs allow you to save money in an umbrella of investments without being taxed on interest income (\$5500 each year)

May 13-9:36 AM

Maddie invests \$100 every month for 2 years. If her investment earns 3%/a compounded monthly, How much will she have saved after two years. How much of the principal will be interest?

Regular Investments

$$A = R \left[\frac{(1+i)^n - 1}{i} \right] \quad A =$$

$$R =$$

$$i =$$

$$n =$$

Jun 3-1:52 PM

Maddie invests \$100 every month for 2 years. If her investment earns 3%/a compounded monthly, How much will she have saved after two years. How much of the principal will be interest?

$$A = R \left[\frac{(1+i)^n - 1}{i} \right]$$

$$A = \frac{100[(1+0.0025)^{24} - 1]}{0.0025}$$

$$= \frac{100[1.061757044 - 1]}{0.0025}$$

$$= \frac{100[0.061757044]}{0.0025}$$

$$= \frac{6.1757044}{0.0025}$$

$$A = 2470.28$$

$$I = A - R(n)$$

$$I = 2470.28 - 100(24)$$

$$I = 70.28$$

Jun 3-1:52 PM

Kennedy decides to save \$85 per month for the next year. If her investment earns 4% compounded monthly, how much will she save by the end of the year?

$$A = R \left[\frac{(1+i)^n - 1}{i} \right]$$

$$A =$$

$$R =$$

$$i =$$

$$n =$$

May 13-10:13 AM

Kennedy decides to save \$85 per month for the next year. If her investment earns 4% compounded monthly, how much will she save by the end of the year?

$$A = \frac{R[(1+i)^n - 1]}{i}$$

$$A = ?$$

$$R = 85$$

$$i = 0.04 / 12 = 0.0033$$

$$n = 1 \times 12 = 12$$

May 13-10:13 AM

Kennedy decides to save \$85 per month for the next year. If her investment earns 4% compounded monthly, how much will she save by the end of the year?

$$A = \frac{R[(1+i)^n - 1]}{i}$$

$$A = \frac{85[(1+0.003)^{12} - 1]}{0.0033}$$

$$A = \frac{85[(1.003)^{12} - 1]}{0.0033}$$

$$A = \frac{85[1.0365999 - 1]}{0.0033}$$

$$A = \frac{85(0.0365999)}{0.0033}$$

$$A = 1037.00$$

May 13-10:13 AM

Cameron is a financial wizard from birth. He decides to set aside \$50 of his child tax credit each month until he is 18. How much will his college fund earn at 6.8%/a compounded monthly?

$$A = \frac{R[(1+i)^n - 1]}{i}$$

$$A =$$

$$R =$$

$$i =$$

$$n =$$

$$=$$

May 13-10:26 AM

Cameron is a financial wizard from birth. He decides to set aside \$50 of his child tax credit each month until he is 18. How much will his college fund earn at 6.8%/a compounded monthly?

$$A = \frac{R[(1+i)^n - 1]}{i}$$

$$A = ?$$

$$R = 50$$

$$i = 0.068$$

$$A = \frac{50[(1+0.0056667)^{216} - 1]}{0.0056667}$$

$$= \frac{50(3.38903441 - 1)}{0.0056667}$$

$$A = \frac{50(2.38903441)}{0.0056667}$$

$$A = 21079.71$$

He will have \$21,079.71 for his college fund when he is 18.

May 13-10:26 AM

Please Complete p 498-500
q. 2, 3, 6, 8, 11

Jan 11-3:38 PM

Please Complete p 498-500
q. 2, 3, 6, 8, 11

Golf

Marilyn

$$163600$$

$$A = P_0(1+i)^n$$

$$= 3600(1+0.015)^{12}$$

$$= 3600(1.195618)$$

$$= 4304.23$$

$$A = \frac{R[(1+i)^n - 1]}{i}$$

$$= \frac{300[(1+0.015)^{12} - 1]}{0.015}$$

$$= \frac{300[1.195618 - 1]}{0.015}$$

$$= \frac{300[0.195618]}{0.015}$$

$$= \frac{58.685451}{0.015}$$

$$= 3912.36$$

Jan 11-3:38 PM